

# RACQ Household Insurance Target Market Determination



This Target Market Determination (TMD) is designed to provide consumers, distributors and our representatives with information about who this product has been designed for by describing the class of consumers that comprise the target market for the product and other matters relevant to the product's distribution and review.

In this document the terms "RACQ", "we", "us" or "our" refer to RACQ Insurance Limited, AFSL 233082.

This document is not a Product Disclosure Statement (PDS) and is not a description of full product terms and features.

## RACQ Household Insurance Product

The RACQ Household Insurance Product provides insurance for units, apartments, townhouses, transportable homes, and houses, and the contents contained within.

This TMD sets out the target market for:

- Home Insurance
- Contents Insurance

Both target markets are set out separately in the Appendix to this statement. The likely needs and objectives of consumers in the target market for this product are likely to be met because the product provides:

- Insurance cover that can wholly or partially contribute to the repair or replacement of their home or contents after an incident.
- Financial protection if they are sued for property damage or bodily injury to another person, for which they are liable.
- Financial support to avoid or minimise other costs that may occur when they make a claim, such as clean-up costs, demolition and removal of debris, or counselling services (see the product descriptions in the Appendix for more examples).

## Distribution of this product

This product is distributed by our representatives only via our distribution network, being:

- RACQ contact centres by calling 13 1905,
- RACQ's website by visiting [racq.com](http://racq.com) (where available), and
- RACQ branches (including agencies).

We have distribution conditions in place designed to help ensure this product is only sold to consumers in the target market.

These conditions include measures such as:

- Suitability and eligibility questions on application, to determine whether the consumer meets the eligibility requirements for the product.
- Risk-based acceptance criteria based on particular features of the consumer or the home or contents to be insured. Some of the key acceptance criteria include:
  - the condition and use of the home or contents.
- Production and distribution of materials that explain and document the covers that are designed for consumers in the target market.
- Analysis of review triggers and other suitability data in the formation of renewal decisions.
- Training and authorisation of representatives in our distribution network for this product. These representatives understand the market this product has been designed for, have been trained in the relevant acceptance criteria, and have the appropriate levels of authority.
- Systems and processes that support our suitability and eligibility assessments, and the delivery of other information relevant to the consumer's understanding of the market for the product.
- Controls on marketing and sales conduct to those outside the target market.

## Reviewing this document

We will review this TMD within 2 years from the effective date to ensure it remains appropriate.

We will also review this TMD if any event or circumstances (called 'review triggers') occur that would reasonably suggest that the determination is no longer appropriate, or the product is no longer consistent with the likely objectives, financial situation and needs of consumers in the target market, such as:

- A material change occurs to the cover provided by the product,
- Our acceptance criteria changes and that impacts the suitability of the product for the target market,
- The distribution of the product changes,
- A relevant and material deficiency in the product's disclosure documentation is discovered,
- Systemic issues or complaints indicate the product is no longer suitable for the described target market,
- Distribution conditions, systematic issues or complaints indicate it is likely that consumers who acquire the product are not in the target market,
- Material and relevant reductions in our key product suitability metrics such as:
  - Member satisfaction,
  - Product acceptance,
  - Financial performance,
  - Benefits to members,
  - Product value and affordability.

We will review this TMD within 10 business days of the occurrence of any review trigger.

## Reporting

RACQ and all distributors must record all complaints received about this product on a quarterly basis (Complaints Reporting Period). Distributors are required to provide to us written details of any complaints about the product they have received during the Complaints Reporting Period within 10 business days of the end of the period.

Our distributors are required to provide monthly and incident-based reporting on key metrics (see the heading "Reviewing this document") to allow us to review this TMD.

Distributors are also required to report to RACQ if they become aware of a significant dealing in this product which is not consistent with this TMD within 10 business days of becoming aware of such dealing.

All distributors must report sales data including the number of policies issued, renewed and cancelled on a monthly basis.

## Record keeping

RACQ and its distributors will maintain records of the reasonable steps they have taken to ensure that this product is sold in a manner consistent with this TMD.

We will also prepare and maintain complete and accurate records of our decisions, and the reasons for those decisions, in relation to:

- All target market determinations for this product,
- Identifying and tracking review triggers,
- Setting review periods, and
- The matters documented in this TMD.

# RACQ Household Insurance Target Market Determination Appendix



## Home Insurance Target Market

The RACQ Home Insurance product has been designed for people who want to be covered against financial loss caused by an incident involving their home and are seeking an appropriate level of cover relevant to their personal circumstances.

This product is suitable for people who:	This product is not suitable for:
<ul style="list-style-type: none"> <li>✔ Own and reside in the insured home or,</li> <li>✔ Are the landlords of a residential building,</li> <li>✔ Require insurance protection for their home and associated legal liabilities,</li> <li>✔ Want the ability to select optional benefits to suit their individual needs.</li> </ul>	<ul style="list-style-type: none"> <li>✘ Homes outside of Australia,</li> <li>✘ Homes that are used primarily for business/commercial purposes,</li> <li>✘ Homes that are under a Body Corporate or Owners Corporation,</li> <li>✘ Landlords that require full landlord protection for their tenanted property.</li> </ul>

## Product Description Summary

Below is a description of the key terms, features and attributes that affect whether this product is likely to be suitable for the needs of the target market. Refer to the PDS for full details of product coverage and limits.

This product is subject to our acceptance criteria – see key examples described under the heading “Distribution of this product”.

### Home Insurance - Summary of cover for loss or damage caused by the listed Insured Events Limits – up to the sum insured shown on the Certificate of Insurance. General limits apply for some home items covered.

Animal damage	Fire	Leaks	Storm	Tsunami
Earthquake	Flood	Lightning	Storm surge	Vandalism
Explosion	Impact	Riots	Theft	

### Home Insurance - summary of other benefits

<b>Broken glass</b> – Up to the sum insured	<b>Funeral costs</b> – Up to \$5,000	<b>Matching repairs</b> – Up to \$500
<b>Clean up costs</b> – Up to 10% of the sum insured	<b>Home modifications after a serious injury</b> – Up to \$25,000	<b>Redundancy premium waiver</b> – Up to 9 months
<b>Counselling services</b> – Up to \$1,500	<b>Investigating leaks</b> – Up to 10% of the sum insured	<b>Replacing trees, shrubs, plants &amp; hedges</b> – Up to \$1,000
<b>Demolition and removal of debris</b> – Up to 20% of the sum insured	<b>Lifetime guarantee on authorised repairs</b>	<b>Temporary accommodation</b> – Up to 10% of the sum insured
<b>Design</b> – Up to 10% of the sum insured	<b>Locks</b> – Up to \$1,000	<b>Legal liability</b> – Up to \$20,000,000
<b>Emergency services damage</b> – Up to \$1,000		

### Home Insurance - included landlord benefits

<b>Accidental damage, malicious damage or theft by a tenant</b> – Up to 15% of the sum insured
<b>Lost rent</b> – Net rental income lost while the home is being rebuilt/repared after an insured event – Up to 12 months, up to 10% of the sum insured
<b>Rent default</b> – Net rental income lost if the tenant is in rent default – Up to \$5,000, after any bond entitlement

### Home Insurance - optional benefits

<b>Advanced cover</b> – Up to the sum insured ( <i>N/A for Landlords</i> )
<b>Motor burnout</b> – Up to the sum insured
<b>Landlord’s fixtures and fittings</b> – 5% of sum insured unless specified

## Contents Insurance Target Market

The RACQ Contents Insurance product has been designed for people who want to be covered against financial loss caused by an incident involving their contents and are seeking an appropriate level of cover relevant to their personal circumstances.

This product is suitable for people who:	This product is not suitable for:
<ul style="list-style-type: none"> <li>✔ Require cover for their contents within a home they own, or rent and reside in or,</li> <li>✔ Are the landlord of a residential building,</li> <li>✔ Require insurance protection for their contents and associated legal liabilities,</li> <li>✔ Want the ability to select optional benefits to suit their individual needs,</li> <li>✔ Only want limited cover for illness and injury for their pet in addition to their contents.</li> </ul>	<ul style="list-style-type: none"> <li>✘ Contents kept outside of Australia,</li> <li>✘ Contents located at a home that is primarily used for business/commercial purposes,</li> <li>✘ Landlords that require full landlord protection for their tenanted property.</li> </ul>

## Product Description Summary

Below is a description of the key terms, features and attributes that affect whether this product is likely to be suitable for the needs of the target market. Refer to the PDS for full details of product coverage and limits.

This product is subject to our acceptance criteria – see key examples described under the heading "Distribution of this product".

### Contents Insurance - Summary of cover for loss or damage caused by the listed Insured Events

Limits – up to the sum insured shown on the Certificate of Insurance. General limits apply for some contents items covered.

Animal damage	Fire	Leaks	Storm	Tsunami
Earthquake	Flood	Lightning	Storm surge	Vandalism
Explosion	Impact	Riots	Theft	

### Contents Insurance - summary of other benefits

<b>Broken glass</b> – Up to the sum insured	<b>Extra living expenses</b> – Up to 10% of the sum insured	<b>Redundancy premium waiver</b> – Up to 9 months
<b>Clean up costs</b> – Up to 10% of the sum insured	<b>Food spoilage</b> – Up to \$1,000	<b>Replacing documents</b> – Up to \$1,000
<b>Contents in a safe deposit box</b> – Up to 10% of the sum insured	<b>Funeral costs</b> – Up to \$5,000	<b>Security firm response</b> – Up to \$750
<b>Contents in storage</b> – Up to the sum insured	<b>Gifts</b> – Up to \$1,000	<b>Storage costs after an event</b> – Up to 10% of the sum insured
<b>Contents in transit</b> – Up to the sum insured	<b>Lifetime guarantee on authorised repairs</b>	<b>Temporary removal of contents</b> – Up to 20% of the sum insured
<b>Counselling services</b> – Up to \$1,500	<b>Locks</b> – Up to \$1,000	<b>Visitor's contents</b> – Up to \$500
<b>Credit card misuse</b> – Up to \$1,500	<b>Matching repairs</b> – Up to \$500	<b>Legal liability</b> – Up to \$20,000,000
<b>Demolition and removal of debris</b> – Up to 20% of the sum insured		

### Contents Insurance - included landlord benefits

**Accidental damage, malicious damage or theft by a tenant** – Up to 15% of the sum insured

**Lost rent** – Net rental income lost while the home is being rebuilt/repaired after an insured event – Up to 12 months, up to 10% of the sum insured

**Rent default** – Net rental income lost if the tenant is in rent default – Up to \$5,000, after any bond entitlement

## Contents Insurance – optional benefits

**Advanced cover** – Up to the sum insured *(N/A for Landlords)*

**Motor burnout** – Up to the sum insured

**Mobile phones** – Up to nominated amount of the Certificate of Insurance *(N/A for Landlords)*

**Pet cover** – Up to \$750 *(N/A for Landlords)*

**Small business contents** – Up to \$20,000

**Specified items** – Up to nominated amount of the Certificate of Insurance

**Items away from home** – Up to nominated amount of the Certificate of Insurance *(N/A for Landlords)*